

Message Text

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ACTION AF-04

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FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC IMMEDIATE 3232

INFO AMEMBASSY DAKAR IMMEDIATE

C O N F I D E N T I A L ABIDJAN 3874

STADIS//////////

LIMDIS

DEPT AF/W FOR BISHOP

DAKAR PLEASE PASS AMBASSADOR SMITH

E.O. 11652: GDS

TAGS: EEXP, IV

SUBJECT: LANG AFRIQUE/SODESUCRE CONFLICT

REF: A) DAKAR 2608 B) STATE 104316 C) ABIDJAN 3718 D) ABIDJAN 3341

1. EVENTS PROCEEDING RAPIDLY CONCERNING LANG/SODESUCRE CONFLICT AND WE MAY RPT MAY HAVE BOUGHT SOME TIME FOR DAVID MORSE'S MEDIATION EFFORT TO CONTINUE. TUESDAY MAY 6, CHARGE RECEIVED CALL FROM MR. GOEJKIN OF DAVID MORSE'S PARIS OFFICE WHO SAID THAT DURING TELCON SAME DAY BETWEEN SAWADOGO AND CRAWFORD, SAWADOGO AGREED TO

INSTRUCT SODESUCRE TO PAY LANG AFRIQUE A MAXIMUM OF \$25,000 PER WEEK FOR THE NEXT THREE WEEKS. SAWADOGO ALSO SAID THAT HE HAD RECEIVED A TELEX FROM MORSE SETTING FORTH LANG'S CASE; MORSE HAD ADDED THAT HE DID NOT FULLY SHARE LANG'S VIEWPOINT. SAWADOGO IS STILL DEFINITELY OF THE VIEW THAT FUNDAMENTAL QUESTION IS WHETHER LANG IS WILLING AND ABLE TO COMPLETE SUGAR PROJECT. GOEJKIN STATED THAT TO BEST OF HIS KNOWLEDGE DAVID
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MORSE HAD NOT RPT NOT YET RECEIVED A RESPONSE FROM KENNEALLY

AS TO WHETHER LATTER WOULD RESCIND HIS STOP-WORK ORDER. HOWEVER, GOEJKIN BELIEVES THAT SAWADOGO'S GESTURE OF RELEASING SOME FUNDS TO LANG SHOULD BE SUFFICIENT TO PERSUADE KENNEALLY TO CONTINUE PROJECT.

2. TWO MINI CRISES ALSO OCCURRED MAY 6:

A. SODESUCRE PRESIDENT KACOU SENT TELEX TO CLOUGH OF LANG AFRIQUE CORAL GABLES PROTESTING CLOUGH'S INSTRUCTION THAT TUBE ROLLING EQUIPMENT ON SITE BE IMMEDIATELY SHIPPED TO U.S. TELEX STATED THAT SUCH ACTION WOULD CONSTITUTE SUBSTANTIAL BREACH OF CONTRACT AND REQUESTED THAT CLOUGH IMMEDIATELY COUNTERMAND HIS INSTRUCTION. TELEX CLOSED BY NOTING THAT "WE ARE ENDEAVORING BY GOOD OFFICES OF N. DAVID MORSE TO FIND AN AMICABLE SETTLEMENT OF OUR DIFFERENCES AND SUCH ACTION ON YOUR PART IS IN TOTAL CONTRADICTION WITH SUCH EFFORTS."

B. STAN DONN, LOCAL LANG AFRIQUE REP, TOLD CHARGE THAT STEIN HAD CALLED TO SAY THAT LANG'S ABIDJAN OFFICE WOULD BE RECEIVING NO MORE FUNDS FROM THE UNITED STATES; ISC/LANG NOW ABOUT \$13 MILLION IN THE HOLE AND BANKS WOULD NO LONGER ADVANCE FUNDS FOR THE PROJECT. THEREFORE, STEIN INSTRUCTED DONN TUSASK SODESUCRE FOR ADVANCE OF SOME \$22,000 TO MEET THIS FRIDAY'S LOCAL PAYROLL AT SITE AND TO STATE THAT NO FUNDS WOULD BE FORTHCOMING FROM U.S. TO MEET THIS OR FUTURE IVORY COAST PAYROLLS OR OTHER OBLIGATIONS. DONN STATED LANG AFRIQUE HAS ONLY \$3,500 IN ITS ABIDJAN ACCOUNT AND OWES APPROXIMATELY \$300,000 TO LOCAL SUPPLIERS.

3. REGARDING TUBE ROLLING EQUIPMENT, MORSE'S WASHINGTON OFFICE SPOKE WITH STEIN REGARDING KACOU TELEX AND STEIN AGREED TO RESCIND THE SHIPMENT ORDER AND WAS TO SO INFORM SODESUCRE.

4. SUBSEQUENT TO ABOVE TELCONS, CHARGE SPOKE WITH MINAG SAWADOGO WHO STATED THAT HIS INSTRUCTION TO RELEASE \$25,000 FOR THREE WEEKS WAS EFFORT ON PART OF GOIC TO BUY TIME IN HOPE THAT MEDIATION EFFORT DURING NEXT SEVERAL WEEKS WOULD BE SUCCESSFUL. HE ADDED THAT IF HE HAD KNOWN ABOUT CONFIDENTIAL

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PAYROLL "ULTIMATUM," HE WAS NOT SURE HE WOULD HAVE AGREED TO RELEASE THOSE FUNDS. HE STRESSED ANEW THAT ULTIMATE QUESTION IS LANG'S WILLINGNESS AND CAPACITY TO COMPLETE THE PROJECT. CHARGE INFORMED MINISTER THAT STEIN HAD APPARENTLY RESCINDED THE TUBE ROLLING EQUIPMENT SHIPMENT ORDER AND NOTED THAT LANG AFRIQUE LOCAL REP HAD STATED THAT EQUIPMENT SALES TO SODEKICRE BY LANG WOULD MORE THAN COVER PAYROLL. CHARGE THANKED MINISTER FOR HIS EFFORTS TO KEEP MEDIATION

PROCESS OPEN AND EXPRESSED HOPE THAT ISC/LANG AFRIQUE WOULD
ACT IN SIMILAR MANNER.

5. COMMENT: MINISTER SAWADOGO IS TO BE COMMENDED FOR HIS
SPIRIT OF COMPROMISE; BALL IS NOW IN KENNEALLY'S COURT.

WOULD APPRECIATE LEARNING FROM WASHINGTON ASAP WHETHER
SAWADOGO GESTURE HAS CHANGED KENNEALLY'S MIND REGARDING
SUGAR PROJECT. ACCORDING TO GOEJKIN, MORSE IS NOW
LEANING TOWARD LIMITING THE FACT FINDING PHASE AND MOVING
MORE RAPIDLY INTO MEDIATION. DEPARTMENT MAY WISH TO REVIEW
REFTEL D WHEREIN KIGBAFORO GAVE HIS SIDE OF THE DISPUTE
WITH LANG.
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